



Submission to the House of Commons Standing Committee on International Trade (CIIT)

From the
BC Lumber Trade Council (BCLTC)
June 18, 2023

Submitted by
Linda Coady, President, BCLTC
coady@cofi.org , 778-867-3981

#1220-595 Howe Street, Vancouver BC
Tel: 604-891-1205 | <https://bclumbertrade.com/>

The BC Lumber Trade Council (BCLTC) appreciates the opportunity to submit a brief to the House of Commons Standing Committee on International Trade (CIIT) regarding the detrimental effect that U.S. antidumping and countervailing duties have had on Canadian lumber producers since the expiration of the last Softwood Lumber Agreement (SLA), and on barriers to a new bilateral trade deal.

The forest products industry in Canada is vital to the economy and the economies of many forest-dependent communities across the country. Nationally, the sector generates approximately 345,000 direct and indirect jobs and contributes more than \$34 billion to the national Gross Domestic Product.¹ British Columbia is the largest Canadian exporter of softwood lumber to the United States, and the BC forest industry supports approximately 80,000 direct and indirect jobs in the province.²

Companies belonging to the BCLTC produce a variety of high quality, low carbon products for use in wood construction. Softwood lumber is used primarily as a framing material in the construction and renovation of residential homes and other types of low-rise buildings. Some other softwood products, which sell for significantly higher prices, are used as appearance items in both interior and exterior applications. All these products are produced from a range of species of softwood conifers that grow in forests throughout Canada and the United States, with particular concentrations in western Canada and in parts of eastern Canada, the U.S. Pacific Northwest, and the southern United States.

In Canada, around 85 percent of the timber used to produce softwood lumber is sourced from publicly-owned lands. In the United States, by contrast, most timber used to produce softwood lumber is sourced from privately-owned lands. For decades, the U.S. industry has used that difference to argue, incorrectly, that Canadian provinces provide timber harvesting rights to Canadian softwood lumber producers for less than adequate

¹ [Economy & Trade | Forest Products Association of Canada \(fpac.ca\)](#)

² [The Economic Impact of British Columbia's Forest Sector \(cofi.org\)](#), p. 12.

remuneration because the levels at which the provinces set their stumpage charges (the charge that the licensee pays to harvest standing timber) are not "market-determined".

At the instigation of the U.S. industry, the United States has brought these allegations against Canada in five different investigations spanning nearly 40 years ("Lumber I" to "Lumber V"). Both "Lumber III" and "Lumber IV" ended in negotiated agreements between Canada and the United States (in 1996 and 2006 respectively) following successful legal challenges by the Government of Canada and the Canadian parties before binational NAFTA panels. The countervailing and antidumping duty investigation and related proceedings currently underway, which began in 2016, is referred to as "Lumber V".

As compared to Lumber III and Lumber IV, the key difference in Lumber V is that the Canadian parties' legal challenges before binational dispute settlement panels have been delayed for *years* because of the United States' failure to appoint panelists to hear the appeals. When the U.S. Department of Commerce made its final antidumping and countervailing duty determinations against Canadian softwood lumber in November 2017, the Canadian parties requested binational panel reviews of those investigation determinations. Decisions by these binational panels have direct force of law in the United States, and therefore have historically been Canada's most effective tool for challenging the unjustified duty orders against Canadian softwood lumber. Unfortunately, the United States has engaged in a strategy to delay the nomination and appointment of binational panelists to hear the Canadian parties' appeals not only with respect to the investigation determinations, but also with respect to the *six* administrative review determinations that have since issued. While these delays have persisted for more than five years, the cash deposits paid by Canadian producers as a result of the unlawful duties continue to accumulate, and more than an estimated \$8 billion CAD is currently being held by the U.S. Government.³

³ BCLTC analysis based on Statistics Canada trade data.

These unfair duties hurt not only B.C. businesses and workers, but also U.S. consumers looking to repair, remodel and build new homes. The profound impact the extended nature of this dispute is having on regional economies and communities across Canada should not be underestimated. Nor should the negative impact it is having on high value and small-to-medium sized companies in BC and Canada that do not have the financial and borrowing capacity required to engage in prolonged litigation and bonding processes.

Equally important, the duties do not reflect the fundamental shifts in the North American lumber market that have occurred since the expiration of the last SLA. Historically, the U.S. domestic industry has accounted for between 60 and 70 percent of U.S. consumption of softwood lumber, with Canada supplying the overwhelming majority of the rest.⁴ Today, the U.S. domestic industry remains unable to satisfy a significant share of demand in the United States, but Canadian production has become increasingly unable to fill the gap (much less displace domestic supply) for reasons entirely unrelated to the duties.

The primary reason for the decrease in Canadian production is that the overall volume of available timber (i.e., trees and logs), which is the principal input to the production of softwood lumber, has faced major challenges over the last fifteen years. The loss of Canadian timberland caused by the mountain pine beetle and wildfires in the West, the spruce budworm in the East, and increasing environmental and wildlife protections throughout Canada have combined to erase roughly 17% of Canada's estimated available timber supply between 2007, when timber supply peaked, and 2020.⁵ Where imports from Canada have been insufficient to serve the market, third-country (European) imports have increasingly filled the gap, and now constitute approximately 8% of the U.S. market.⁶ Unlike Canadian imports, these third-country imports are not subject to duties.

⁴ Western Wood Products Association Lumber Track [WWPA Statistical Reports](#)

⁵ Canada's National Forestry Database [National Forestry Database \(ccfm.org\)](#)

⁶ Western Wood Products Association Lumber Track [WWPA Statistical Reports](#)

The interests of both Canadian and US producers would be much better served by collaboration to grow markets domestically and internationally. This would allow both countries to focus on more critical issues like climate change, cross-border wildfire protection, and housing affordability. And it would provide greater certainty and stability for Canadian lumber producers, while ensuring that customers in the US have access to high-quality, sustainable Canadian wood products.

To achieve an enduring outcome that would benefit both sides in this long-running dispute the Government of Canada's current priority should be focused on ensuring that the dispute resolution process provided for under the Canada-United States-Mexico Agreement (CUSMA) works as intended. This is something it is currently not able to do because of the United States' refusal to appoint panelists in a timely fashion. The United States is failing to live up to its obligations under CUSMA, and B.C. producers believe that these tactics should be addressed as a matter of significant importance with the Biden Administration.

The BC Lumber Trade Council (BCLTC) represents the majority of British Columbian lumber producers on trade matters. British Columbia accounts for close to 40% of Canada's softwood lumber production and nearly half of our nation's softwood exports to the United States.

OUR MEMBER COMPANIES

**Canfor
Carrier Lumber Ltd.
Conifex
Dunkley Lumber Ltd.
Gorman Bros Lumber
Interfor
Sinclar Group Forest Products Ltd.
Tolko
West Fraser
Western Forest Products Inc.**

#1220-595 Howe Street, Vancouver BC
Tel: 604-891-1205 | <https://bclumbertrade.com/>